



WILLIAM T FUJIOKA
Chief Executive Officer

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August 23, 2007

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name and title.

SACRAMENTO UPDATE

Pursuit of County Position on a Budget Item

Medi-Cal Managed Care Program Rates. The State Budget approved by the Legislature includes \$214 million for the Medi-Cal Managed Care Program (Program). This funding may be reduced or eliminated by the Governor as part of the agreement to reduce the State's operating deficit. The funding is intended to help Medi-Cal Managed Care plans, such as the County's Community Health Plan (CHP), to transition from the existing Medi-Cal managed care rates to a new experience-based rate setting methodology.

The California Department of Health Care Services established a framework to phase in this new rate setting approach to ensure that plans will be held harmless from rate reductions for one year. The County Department of Health Services (DHS) indicates that eliminating this transition funding would result in significant implementation and financial difficulties for the CHP and DHS facilities that provide health care services under the plan. Rate reductions would destabilize provider networks in Southern California, where provider reimbursement rates are already considerably less than in other parts of California. In addition, funding reductions to the Program will result in losses of Federal funding. For every State General Fund dollar cut, there will be a similar dollar reduction in Federal funding.

Retaining the entire Program funding approved in the State Budget will help to maintain the integrity of the Medi-Cal Program by providing managed care plans with the necessary level of fiscal stability as they transition into the new rate setting methodology. Our ability to continue to provide cost-effective services within our CHP depends on adequate funding and rate stability. **Therefore, consistent with County policy to support stable funding for the health care safety net, our Sacramento advocates will urge the Governor to sustain the Medi-Cal Managed Care Program funding in the FY 2007-08 State Budget.**

Pursuit of County Position on Legislation

AB 419 (Lieber), as amended on August 20, 2007, would provide that additional safety employees receive up to a one-year leave of absence with full pay for job related injuries under Labor Code Section 4850. AB 419 would eliminate the requirement that covered employees be members of the Public Employees' Retirement System, Los Angeles City Employees' Retirement System, or subject to the County Employees' Retirement Law of 1937.

Under current law, injured employees are entitled to temporary disability benefits of two-thirds of their regular wages. These payments are not subject to social security or income taxes so the net pay to the worker would be approximately equal to the employee's normal pay. For some safety officers, disability pay is equal to 100 percent of the injured employee's normal pay for a period of up to one year. These payments are similarly exempt from taxes. After the one-year period, public safety officers that remain disabled are paid at the two thirds rate.

In our May 3, 2007 Sacramento Update, we advised your Board that opposition to this bill was consistent with existing Board Policy to oppose legislation that erodes the medical reforms accomplished by the 2003-04 session workers' compensation reform legislation. CEO Risk Management staff advise that the August 20, 2007 amendments to AB 419 remove the primary basis for the County's opposition, namely, the bill now requires that the affected employees be employed on a regular or full-time basis. The previous version of the bill would have provided coverage for individuals employed on a less than full-time basis. **Therefore, our Sacramento advocates will no longer oppose AB 419 and take a neutral position.** This bill is currently being held in the Senate Appropriations Committee.

Joint Select Committee on Foster Care

Members of the Joint Select Committee on Foster Care, including Assemblymembers Bass, Brownley, Davis, Dymally, and Portantino, will assemble in Compton on August 24, 2007, to tour SHIELDS for Families, Inc. SHIELDS is a non-profit community based organization dedicated to developing, delivering and evaluating culturally sensitive, comprehensive service models that empower and advocate for families affected by substance abuse and child abuse. The Select Committee Members

will also hear comments from the Director of Children and Family Services (DCFS), Trish Ploehn, and her staff on the Point of Engagement service delivery model that was piloted in the Compton DCFS office and that has been subsequently implemented across the County. Members of the community also will have an opportunity to address the Select Committee Members. The purpose of the visit is for the Select Committee Members to observe the collaborative nature of the SHIELDS programs and DCFS' Point of Engagement service delivery model in providing "best practice" services to children and families in Los Angeles County.

We will continue to keep you advised.

WTF:GK
MAL:IGA:acn

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
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